

CLALLAM TRANSIT SYSTEM BOARD MEETING
DECEMBER 21, 2015
2016 OPERATING BUDGET ASSUMPTIONS AND FACTORS

REVENUE:

1. Sales Tax Revenue is budgeted at a 1% increase over the 2015 year-end projected revenue.
2. WA Tran Op Formula Supp – no revenue is budgeted for 2016 due to the termination of the program as of June 30, 2015.
3. State Paratransit Special Needs Formula Grant was awarded for 2016 and will be utilized for both operations and capital.
4. Federal Operating Grant for the 2015-2017 biennium is spread evenly from July 1, 2015 through June 30, 2017. As a result, the total grant of \$1.41 million is allocated based on requesting one quarter of the funds in the second half of 2015, one half the funds in 2016, and one quarter of the funds in the first half of 2017.
5. Vanpool, Paratransit, and Charter Rates are budgeted at the 2015 rates with no increase in volume.

EXPENSES:

1. Wage variances between 2015 projected and 2016 proposed budget are as follows:
 - a. All departments are budgeted for an annual contractual wage increase of 1.08% based on the Seattle-Tacoma-Bremerton CPI(U). In addition, Vanpool, Paratransit, and Maintenance are affected by a change in methodology for allocating labor expenses. In prior years, labor costs were charged out to Paratransit and Vanpool for work performed by mechanics and maintenance staff on the departments' vehicles. This was reflected in a reduction of services rather than a reduction of wages. In the same manner for the departments to which the costs were allocated, services were increased rather than wages. In 2016, the wages will be reduced in Maintenance and increased in the other departments. A large variance will also be reflected in the services line items.
 - b. Operations – the wage variance is affected by contractual step raises, expansion of fixed route services for Sequim and Forks, and the addition of one FTE office assistant position.
 - c. Maintenance – the wage variance is affected by the allocation methodology as stated above in (a).
 - d. Administration – the variance in 2016 wages is the result of annual wage increases along with an artificially low projection for 2015 due to the unexpected retirement of an employee in January 2015. For approximately five months of 2015, a temporary agency employee replaced this individual and the cost was expensed to services.

2. Benefit variances between 2015 projected and 2016 proposed budget are as follows:
 - a. Increases in payroll taxes and other wage dependent benefits will be affected by the increase in wages.
 - b. The employer PERS contribution rate increased as of July 1, 2015 from 9.1% to 11.18%. Therefore, the 2016 budget reflects an increase for this line item in all divisions.
 - c. The HCA PEBB medical premium costs are budgeted at an average increase of 4.5% based on information published by HCA PEBB.
 - d. Paratransit health care benefits will be affected by a contractual change which reduces the employee's out-of-pocket costs and increases CTS's costs.
3. Supplies variances between 2015 projected and 2016 proposed budget are primarily affected by fuel costs. In 2015, fuel prices have remained fairly low. However, because of the volatile and unpredictable nature of fuel prices, CTS is electing to budget very conservatively based on prior years' fuel prices. Diesel and unleaded fuel has been budgeted at \$3.45 per gallon and propane has been budgeted at \$1.30 per gallon.

CLALLAM TRANSIT SYSTEM

2016 BUDGET

(Rounded to nearest thousand)

OPERATING REVENUE

Cash Fares/Passes (including College Passes)	668,000
Special Services/Charter	89,000
Van Pool	315,000
Paratransit	38,000
Parking Revenue	23,000
Propane Fuel Tax Credit	22,000
Other Revenues	51,000
WSDOT Paratransit S/N Formula	181,000
Sales Tax Revenue	6,726,000
Fed Grants- Operating Assistance	705,000

TOTAL OPERATING REVENUE	<u>\$8,818,000</u>
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Capital Project Revenue with Funding Sources

Anticipated Funding for Vehicle & Facility Projects	Grants	1,165,000
Anticipated Funding for Vehicle & Facility Projects	Local	309,000
TOTAL CAPITAL REVENUE		<u>1,474,000</u>

TOTAL 2016 OPERATING AND CAPITAL REVENUE	<u><u>10,292,000</u></u>
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OPERATING EXPENSES

Fixed Route Operations	4,128,000
Vanpool	200,000
Paratransit	1,667,000
Maintenance	1,546,000
Administration and Public Education	882,000
TOTAL OPERATING EXPENSES	<u>\$8,423,000</u>

Capital Project Expenses

Capital & Facility Projects with Grant Funding (TDP Sec. 8)	<u>1,474,000</u>
TOTAL CAPITAL PROJECT EXPENSES	<u>1,474,000</u>

TOTAL 2016 OPERATING AND CAPITAL PROJECT EXPENSES	<u><u>9,897,000</u></u>
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TOTAL 2016 SPENDING AUTHORITY	<u><u>9,897,000</u></u>
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CLALLAM TRANSIT SYSTEM 2016 APPROVED OPERATING BUDGET

	2015 Budget	Total 2015 Projected	2016 Proposed Budget	2016 Budget vs. 2015 Projected Variance	2016 Budget vs. 2015 Projected Variance %	2016 Budget vs. 2015 Budget Variance	2016 Budget vs. 2015 Budget Variance %
REVENUES:							
33 OPERATING REVENUE							
Cash Fares, Passes & Tickets	670,000	615,738	615,000	(738)	-0.12%	(55,000)	-8.21%
College Passes	46,472	52,997	53,000	3	0.01%	6,528	14.05%
Special Services	83,000	84,625	86,250	1,625	1.92%	3,250	3.92%
Charters	4,800	3,247	3,200	(47)	-1.45%	(1,600)	-33.33%
Vanpool	368,000	313,543	315,000	1,457	0.46%	(53,000)	-14.40%
Paratransit	37,000	38,124	38,000	(124)	-0.33%	1,000	2.70%
Advertising	15,600	20,000	16,000	(4,000)	-20.00%	400	2.56%
Parking	22,600	22,608	22,608	-	0.00%	8	0.04%
Non-Transportation	5,000	15,000	2,300	(12,700)	-84.67%	(2,700)	-54.00%
Interest Income	14,000	20,122	20,000	(122)	-0.61%	6,000	42.86%
Propane Fuel Tax Credit	21,000	21,949	22,000	52	0.23%	1,000	4.76%
Sales Tax	5,918,970	6,659,260	6,725,853	66,593	1.00%	806,883	13.63%
WA Tran Op Formula Supp	100,000	52,860	-	(52,860)	-100.00%	(100,000)	-100.00%
Paratransit S/N Formula Grant	150,000	-	180,643	180,643		30,643	20.43%
Fed Operating Grant	600,000	352,500	705,000	352,500	100.00%	105,000	17.50%
RTAP Training Grant	12,000	10,000	10,000	-	0.00%	(2,000)	-16.67%
Other Grants & Scholarships	-	-	2,500	2,500		2,500	0.00%
TOTAL REVENUE	8,068,442	8,282,573	8,817,354	534,781	6.46%	748,912	9.28%

EXPENSES:

44 OPERATIONS

Wages	1,627,324	1,558,857	1,673,685	114,828	7.37%	46,361	2.85%
Benefits	1,163,938	1,146,786	1,219,662	72,876	6.35%	55,724	4.79%
Other Post Employment Benies(OPEB)	-	132,000	132,000	-	0.00%	132,000	
Supplies	26,000	27,517	26,000	(1,517)	-5.51%	-	0.00%
Services	45,500	43,537	39,300	(4,237)	-9.73%	(6,200)	-13.63%
Communications	24,000	22,831	24,000	1,169	5.12%	-	0.00%
Travel	6,000	9,650	6,700	(2,950)	-30.57%	700	11.67%
Rentals	14,000	12,335	14,000	1,665	13.50%	-	0.00%
Vehicle Accident Costs/Deduct.	-	908	-	(908)	-100.00%	-	
Miscellaneous	3,000	1,850	2,800	950	51.35%	(200)	-6.67%
TOTAL OPERATIONS	2,909,762	2,956,271	3,138,147	181,876	6.15%	228,385	7.85%

CLALLAM TRANSIT SYSTEM
2016 APPROVED OPERATING BUDGET

	2015 Budget	Total 2015 Projected	2016 Proposed Budget	2016 Budget vs. 2015 Projected Variance	2016 Budget vs. 2015 Projected Variance %	2016 Budget vs. 2015 Budget Variance	2016 Budget vs. 2015 Budget Variance %
54 VANPOOL							
Wages	-	-	48,200	48,200		48,200	
Supplies	132,500	95,400	132,000	36,600	38.36%	(500)	-0.38%
Services	70,200	63,500	19,000	(44,500)	-70.08%	(51,200)	-72.93%
Travel	780	136	780	644	473.02%	-	0.00%
TOTAL VANPOOL	203,480	159,036	199,980	40,944	25.75%	(3,500)	-1.72%
55 PARATRANSIT							
Wages	743,928	721,559	740,672	19,113	2.65%	(3,256)	-0.44%
Benefits	478,514	463,641	491,518	27,877	6.01%	13,004	2.72%
Other Post Employment Benies(OPEB)	-	75,000	75,000	-	0.00%	75,000	
Supplies	3,400	4,035	3,900	(135)	-3.35%	500	14.71%
Services	-	6,625	24,225	17,600	265.66%	24,225	
Communications	15,000	13,265	14,000	735	5.54%	(1,000)	-6.67%
Travel	2,950	1,480	2,950	1,470	99.32%	-	0.00%
Rentals	2,200	3,400	3,400	-	0.00%	1,200	54.55%
Vehicle Accident Costs/Deduct.	-	2,700	-	(2,700)	-100.00%	-	
Miscellaneous	1,200	5,780	2,400	(3,380)	-58.48%	1,200	100.00%
TOTAL PARATRANSIT	1,247,192	1,297,485	1,358,065	60,580	4.67%	110,873	8.89%
56 FIXED ROUTE FUEL, UTILITIES & INSURANCE							
Fuel - Fixed Route	563,500	374,600	561,500	186,900	49.89%	(2,000)	-0.35%
Insurance	326,637	323,350	356,068	32,718	10.12%	29,431	9.01%
Utilities	77,600	75,181	71,800	(3,381)	-4.50%	(5,800)	-7.47%
TOTAL FUEL, UTILITIES & INSUR	967,737	773,131	989,368	216,237	27.97%	21,631	2.24%
65 PARATRANSIT MAINTENANCE & FUEL							
Wages	-	-	90,000	90,000		90,000	
Supplies (including fuel)	218,400	146,019	215,200	69,181	47.38%	(3,200)	-1.47%
Services	88,500	104,300	3,500	(100,800)	-96.64%	(85,000)	-96.05%
TOTAL PARATRANSIT MAINT/FUEL	306,900	250,319	308,700	58,381	23.32%	1,800	0.59%
66 MAINTENANCE							
Wages	724,670	674,000	628,614	(45,386)	-6.73%	(96,056)	-13.26%
Benefits	533,571	448,300	497,217	48,917	10.91%	(36,354)	-6.81%
Other Post Employment Benies(OPEB)	-	53,000	53,000	-	0.00%	53,000	
Supplies	205,000	221,350	228,800	7,450	3.37%	23,800	11.61%
66 MAINTENANCE (cont.)							
Services	7,400	(3,545)	121,900	125,445	-3538.65%	114,500	1547.30%

**CLALLAM TRANSIT SYSTEM
2016 APPROVED OPERATING BUDGET**

	2015 Budget	Total 2015 Projected	2016 Proposed Budget	2016 Budget vs. 2015 Projected Variance	2016 Budget vs. 2015 Projected Variance %	2016 Budget vs. 2015 Budget Variance	2016 Budget vs. 2015 Budget Variance %
Communications	4,400	3,900	4,400	500	12.82%	-	0.00%
Travel	3,600	3,500	4,000	500	14.29%	400	11.11%
Rentals	2,000	1,700	2,000	300	17.65%	-	0.00%
Miscellaneous	6,000	4,100	5,900	1,800	43.90%	(100)	-1.67%
TOTAL MAINTENANCE	1,486,641	1,406,305	1,545,831	139,526	9.92%	59,190	3.98%
77 ADMINISTRATION							
Wages	335,094	348,481	379,938	31,458	9.03%	44,844	13.38%
Benefits	276,771	238,508	270,728	32,220	13.51%	(6,043)	-2.18%
Other Post Employment Benies(OPEB)	-	23,000	23,000	-	0.00%	23,000	
Supplies	9,000	8,975	8,975	-	0.00%	(25)	-0.27%
Services	111,500	118,964	119,237	273	0.23%	7,737	6.94%
Communications	6,400	4,213	4,213	-	0.00%	(2,187)	-34.17%
Travel	10,700	13,862	14,245	384	2.77%	3,545	33.13%
Miscellaneous	36,600	30,010	36,910	6,900	22.99%	310	0.85%
TOTAL ADMINISTRATION	786,065	786,012	857,247	71,235	9.06%	71,182	9.06%
99 PUBLIC EDUCATION AND MARKETING							
Services	1,800	1,500	-	(1,500)	-100.00%	(1,800)	-100.00%
Public Education	32,700	26,645	24,900	(1,745)	-6.55%	(7,800)	-23.85%
TOTAL PUBLIC ED & MARKETING	34,500	28,145	24,900	(3,245)	-11.53%	(9,600)	-27.83%
TOTAL EXPENSES	7,942,277	7,656,705	8,422,238	765,533	10.00%	479,961	6.04%
NET OPERATING INCOME	126,165	625,868	395,116	(230,753)	-36.87%	268,951	213.17%
FROM/(TO) OPERATING & CAPITAL RESERVES; CAPITAL PURCHASES		(500,000)	(250,000)				
NET OPERATING INCOME AFTER RESERVES		125,868	145,116				

2016 CAPITAL BUDGET

<u>VEHICLE REPLACEMENT</u>	PROJECT COST	GRANT REVENUE	NET COST	SOURCE OF FUNDS
Paratransit Vehicles	833,000	833,000	-	State Funds = \$273,000 Federal Funds = \$560,000
Vanpool Vehicles	267,000	53,000	214,000	State VIP Funds & CTS Local
Service Vehicles	107,000	107,000	-	State Sales Tax Equalization Funds
<u>PLANNED FACILITY PROJECTS</u>				
Admin Bldg - Return Fans	6,000	-	6,000	CTS Local
Upgrade Main Facility & Gateway Cameras & Software	40,000	35,110	4,890	State Sales Tax Equalization Funds & CTS Local
Owl Creek Pedestrian Tunnel	40,000	34,000	6,000	Federal TAP Funds & CTS Local
<u>EQUIPMENT AND FURNITURE</u>				
Fuel Data System Replacement & Expansion	50,000	50,000	-	State Sales Tax Equalization Funds
E-mail Server	10,000	-	10,000	CTS Local
OPSCAN Console	8,000	-	8,000	CTS Local
Propane Dispensing Station(s)	30,000	30,000	-	State Funds
Cameras and Installation on 3 Low Floor Buses	23,000	23,000	-	State Sales Tax Equalization Funds
<u>CONTINGENCY</u>				
Facility and Bus Stop Improvements	35,000	-	35,000	CTS Local
Engine and Transmission Rebuilds	25,000	-	25,000	CTS Local
TOTAL 2016 CAPITAL BUDGET	\$ 1,474,000	\$ 1,165,110	\$ 308,890	